

## 2. HOUSING NEEDS ASSESSMENT

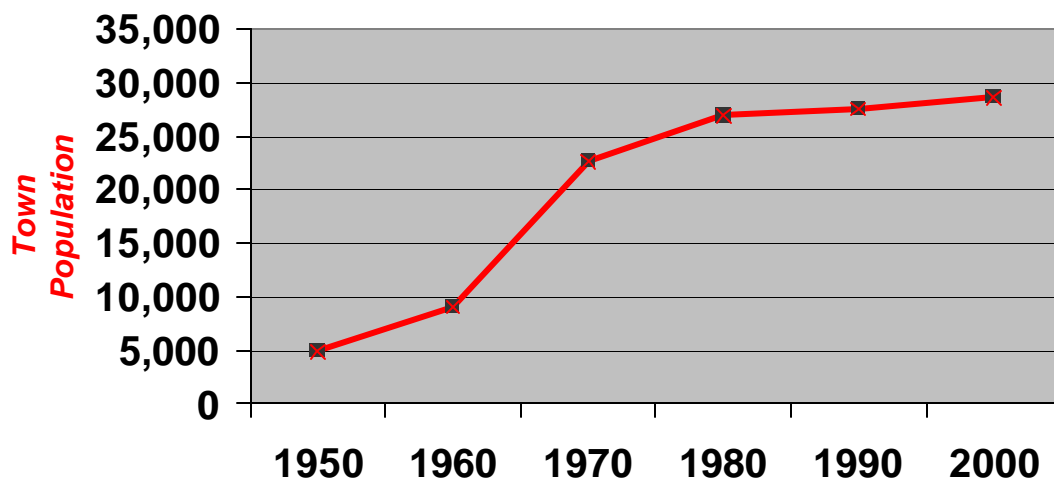
### POPULATION INFORMATION

#### POPULATION DATA

The Town of Los Gatos was incorporated in 1887. The population of Los Gatos has changed considerably since the Town's incorporation. In 1890, the U.S. Census indicated that the population of the Town was 1,652 persons. From 1890-1950, the population varied between a total 2,000-4,000 persons.

However, similar to many other California communities, Los Gatos experienced a tremendous growth spurt during the post World War II era. From 1950-1960, the population almost doubled. But the most significant increase was during 1960-1970 when the population increased from 9,026 persons to 22,613 persons. In the last three decades, the population has remained fairly stable. In 1980, there were 26,906 persons and the 2000 U.S. Census indicated that the population had increased only slightly to a total of 28,592 persons.

ILLUSTRATION #1: TOWN OF LOS GATOS - POPULATION BY YEAR  
1950-2000



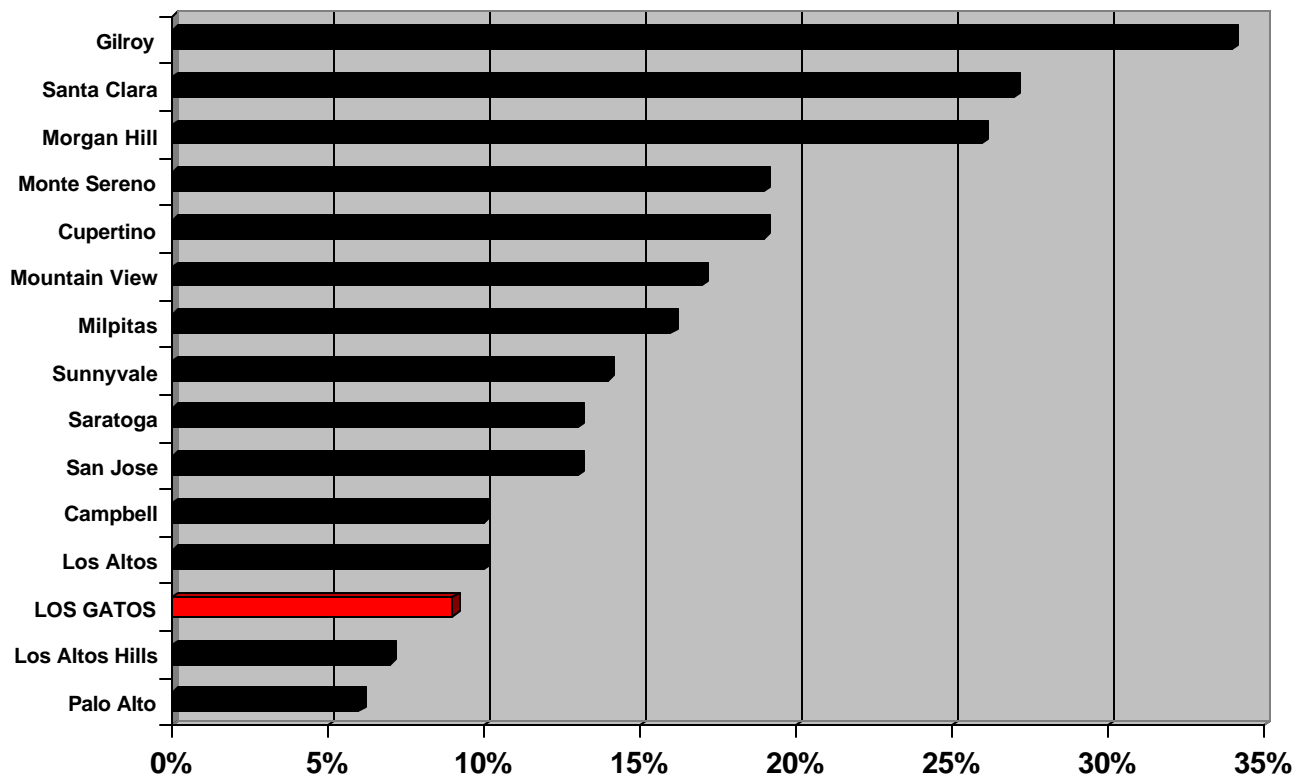
SOURCE: U.S. CENSUS: 1950- 2000



## FUTURE POPULATION GROWTH

Los Gatos is located in Santa Clara County, which has the most population of any county in the San Francisco Bay region. Santa Clara County is expected to continue to be the most populous county in the future. According to estimates prepared by ABAG (Association of Bay Area Governments), Santa Clara County is expected to increase from 1,755,300 persons in 2000 to 2,016,700 persons in 2020. This is a 14.8% increase in the 20-year period. ABAG has projected that the population of Los Gatos and its sphere of influence (Lexington Hills) will increase by approximately 9% during the 2000-2020 time frame. This would represent an additional 2,500-3,000 persons during that time period.

**ILLUSTRATION #2: COUNTY OF SANTA CLARA  
ESTIMATED POPULATION INCREASE, 2000-2020**



**Source:** Projections 2000 Association of Bay Area Governments, December 1999 p.66

## POPULATION BY ETHNICITY

Los Gatos' population is primarily white and non-Hispanic. The only significant racial group is Hispanic/Latino, which represented 5.2% of the town's population in the 2000 U.S. Census. The next significant racial group was Black or African American, which represented less than 1% of the total population.

## POPULATION BY AGE

The population distribution of Los Gatos in 2000 indicated that over 76% of the community was 21 years of age and older. In fact, the age groups over 21 years of age have increased proportionally in the last several decades while the younger population cohorts of 20 years or less have decreased. This "aging" of the population is also evident by the change in median age in the Town. In 1970, the median age was 30.3 years; in 2000, the median age was 41.2 years.

**ILLUSTRATION #3: TOWN OF LOS GATOS- POPULATION BY AGE  
1970 –2000**

	<b>1970</b>	<b>2000</b>	<b>CHANGE</b>
<b>Under 18 Years</b>	8,097 (34%)	6,052 (21.2%)	<b>- 2,045</b> <b>(-12.8%)</b>
<b>18-20 Years</b>	973 (4%)	556 (2%)	<b>- 417</b> <b>(-2%)</b>
<b>21-64 Years</b>	11,993 (51%)	17,600 (61.5%)	<b>+5,607</b> <b>(+10.5%)</b>
<b>65+ Years</b>	2,672 (11%)	4,384 (15.3%)	<b>+1,712</b> <b>(+4.3%)</b>
<b>TOTAL</b>	<b>23,735</b> <b>(100%)</b>	<b>28,592</b> <b>(100%)</b>	

Source: U.S. Census, 1970 and 2000



## POPULATION AND EMPLOYMENT PROJECTIONS

In 2000, ABAG estimated that there were 20,870 jobs in Los Gatos. Using ABAG's estimated number of households for the same time period, the jobs/housing ratio in Los Gatos was approximately 1.5 jobs per household. This is an appropriate jobs/housing ratio and indicates that the Town is producing an appropriate number of jobs for the residents of the community.

In looking toward the future, ABAG estimates that there will be an increase of 2,080 jobs in Los Gatos by 2020. This represents a 10% increase over the 2000 base of 20,870 jobs. Approximately 57% of these jobs are forecast to be in the service sector and the remainder scattered throughout the retail, manufacturing and other job sectors. Service jobs are traditionally low-paying jobs and households employed in this sector typically have lower than average wages. This definitely has an impact on the range of housing opportunities available to these jobholders.

Further, while the total jobs are expected to increase by 10% between 2000-2020, the number of households is only expected to increase by 6% in Los Gatos for that same time period. If these figures do prove to be correct, the jobs/housing ratio could be affected with the Town producing more jobs than housing units. This increased pressure for housing, coupled with the wage rates expected for many of the new jobs, could have an additional effect on housing supply and costs. The Town will need to monitor its job production during the next two decades and strive to maintain a healthy jobs/housing balance.

## HOUSEHOLD INFORMATION

### CURRENT AND PROJECTED HOUSEHOLDS

For purposes of evaluating housing supply and demand, it is helpful to translate information from population figures into household data. The U.S. Bureau of the Census defines a household as all persons who occupy a housing unit, which may include single persons living alone, families related through marriage or blood, and unrelated individuals living together. Persons living in retirement or convalescent homes, dormitories, or other group living situations are not considered households.

In 2000, there were 11,988 households in Los Gatos (U.S. Census estimates). Of those households, 61% were in family households and the remaining 39% were in non-family households. Of those non-family households, 76% were individuals living alone.

### HOUSEHOLD SIZE

Household size is an interesting indicator of changes in population or use of housing. An increase in household size can indicate a greater number of large families or a trend toward overcrowded housing units. A decrease in household size, on the other hand, may reflect a greater number of elderly or single person households or a decrease in family size.

Los Gatos' average household size has not changed significantly during the last decade. In 1990, the average household size was 2.36 persons per household; in 2000, the average household size had decreased very slightly to 2.33 persons per household. As would be expected, the average household size of owner-occupied units in Los Gatos is 2.54 persons while the average household size for renter-occupied units is 1.92 persons. (2000 U.S. Census estimates)

Because the Town's household size has not changed in any significant manner and is not expected to in the future, change in household size does not appear to be an indicator of any significant housing trend in the Town.

### HOUSEHOLDS BY INCOME LEVEL

In 2000, the mean income in Los Gatos was estimated to be \$126,600 per household.<sup>1</sup> Household incomes are expected to increase, with the mean household income in Los Gatos predicted to be \$138,200 in 2005 and \$147,600 in 2010.<sup>2</sup>

Of the 15 incorporated communities in Santa Clara County, Los Gatos had the 5<sup>th</sup> highest estimated household income. The chart on the following page (Illustration #4) compares the mean household incomes for the Santa Clara communities.

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<sup>1</sup> **Projections 2000**, ABAG December 1999, p.79

<sup>2</sup> Ibid.



**ILLUSTRATION #4: COUNTY OF SANTA CLARA  
MEAN HOUSEHOLD INCOME, 2000**

Rank	Community	Mean Estimated Household Income in 2000
1	Los Altos Hills	\$250,500
2	Monte Sereno	\$220,900
3	Saratoga	\$184,500
4	Los Altos	\$159,300
5	Los Gatos	\$126,600
6	Cupertino	\$110,200
7	Palo Alto	\$107,100
8	Morgan Hill	\$90,700
9	Milpitas	\$85,200
10	Sunnyvale	\$82,300
11	Mountain View	\$78,100
12	San Jose	\$76,600
13	Campbell	\$74,200
14	Santa Clara	\$72,600
15	Gilroy	\$67,500

**Source:** Projections 2000 Association of Bay Area Governments,  
December 1999 p.225

When reviewing household income information, it is helpful to evaluate the proportion of households by income level. Typically, households are defined as very low income, low income, and moderate income. All remaining households then are considered above-moderate or upper income. Typically, programs with federal funding or requirements are available only to the very low and low-income

household levels. Housing programs utilizing State Redevelopment tax increment funds are applicable to the very low and low-income categories as well as moderate income. Listed on the following chart (Illustration #5) are the maximum household incomes by household size that are used by federal, state and local programs to determine eligibility for housing assistance in Los Gatos. The categories are determined by the average household income as a percentage of median income for the area. For example, the very low-income household category has a maximum income qualification of \$33,600 for a one-person household.

**ILLUSTRATION #5: MAXIMUM HOUSEHOLD INCOME LEVELS,  
JANUARY 2002**

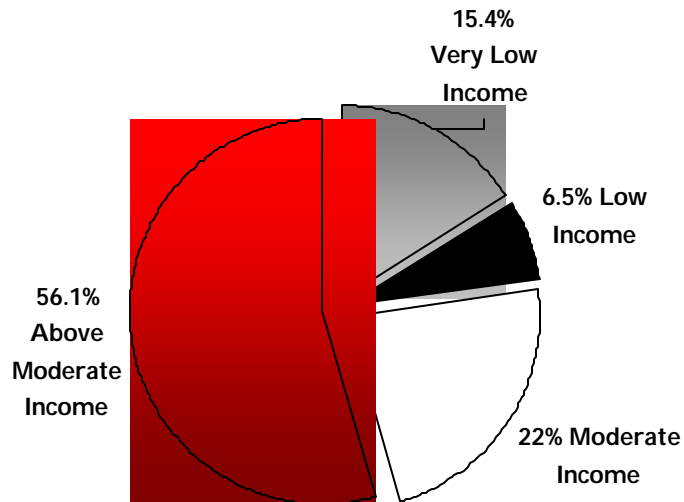
<b>INCOME CATEGORY</b>	<b>1 Person</b>	<b>2 Persons</b>	<b>3 Persons</b>	<b>4 Persons</b>
<b>Very Low</b>	\$33,600	\$38,400	\$43,200	\$48,000
<b>Low</b>	\$51,950	\$59,400	\$66,800	\$74,250
<b>Moderate</b>	\$80,650	\$92,150	\$103,700	\$115,200

**Source:** U.S. Department of Housing and Urban Development,  
Income Limits: County of Santa Clara, 2002

Unfortunately, at the time that this Housing Element document was prepared, the 2000 U.S. Census data was not yet available regarding specific household income levels for the Town. Therefore, 1990 Census data is the most recent data and is used to estimate the percentage and number of households by income level in the Town. Using 1990 U.S. Census data, approximately 15.4% of Los Gatos' households were considered to be very low income and another 6.5% were identified as low income. Moderate-income households represented 22% of the Town's total households. The table on the following page illustrates those percentage proportions applied to the total households in Los Gatos in 2000. It is important to note that the 1990 data uses the federal definition of moderate income, which includes households at 81-95% of median income. This is different from the State definition, which includes households at 81-120% of median income.



### ILLUSTRATION #6: HOUSEHOLDS BY INCOME LEVEL (ESTIMATED FOR 2000)



<i>Very Low</i>	<i>Low Income</i>	<i>Moderate Income</i>	<i>Above Moderate</i>	<i>Town Total</i>
1,846 (15.4%)	779 (6.5%)	2,638 (22%)	6,725 (56.1%)	<b>11,988 (100%)</b>

**Sources** Household Income Distributions: 1990 U.S. Census  
Number of Households: 2000 U.S. Census

The illustration above indicates that an estimated 21.9% of Los Gatos' households are very low or low-income. These households would typically have the most difficulty in securing affordable housing and may be "overpaying" for their housing.

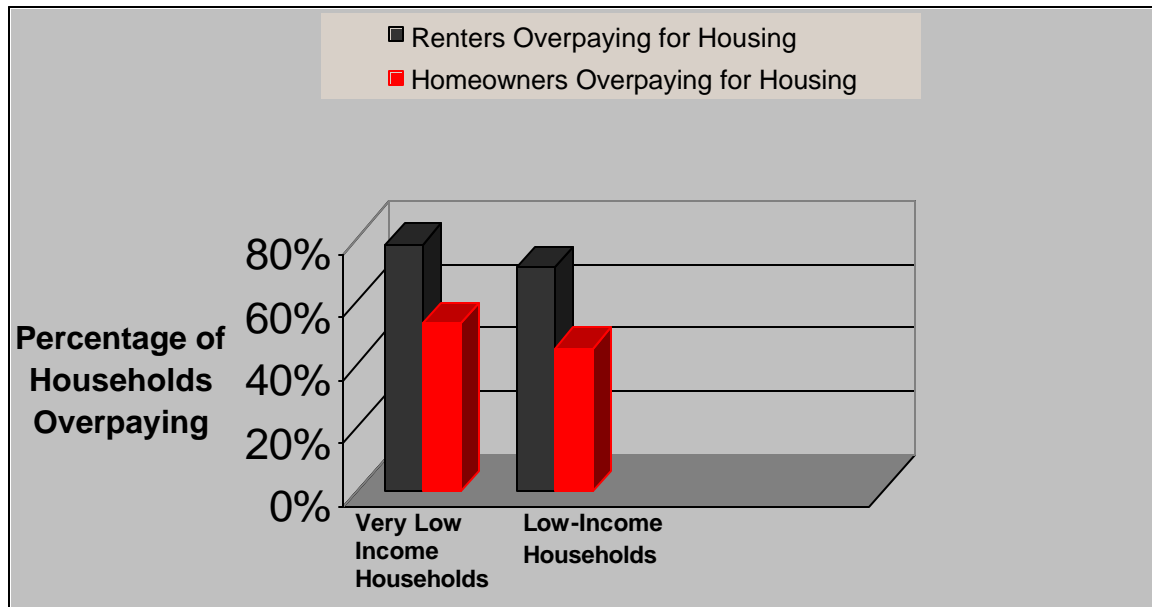
### HOUSEHOLDS OVERPAYING FOR HOUSING

Using state and federal definitions, a household is considered to be "overpaying" for housing when they spend more than 30% of their annual income on housing costs. Lower income households typically "overpay" for housing more than moderate and above moderate-income households. In fact, as the household



income levels decrease, the percentage of households “overpaying” for housing typically increase.

**ILLUSTRATION #7: HOUSEHOLDS OVERPAYING FOR HOUSING BY INCOME LEVEL, TOWN OF LOS GATOS (1990)**



**Source:** U.S. Census, 1990

The most recent data regarding overpaying is from the 1990 U.S. Census. According to that data, 33% of all homeowners and 40% of all renters in Los Gatos were paying more than 30% of their income for housing costs. However, when the information is evaluated by household income, the percentages increase significantly. As the chart above illustrates, 78% of very low-income renters were overpaying for housing and 71% of low-income renters were overpaying. For homeowners, 53% of very low-income owners were overpaying and 45% of low-income owners were paying more than 30% of their income for housing.

### HOUSEHOLD TENURE

Household tenure (owner occupied or renter occupied) is an important characteristic to review in evaluating housing supply and demand. Communities need to have an adequate supply of units available both for rent and for sale in



order to accommodate a range of households with varying incomes, family sizes and composition, life styles, etc.

In Los Gatos, the majority of housing units are owner-occupied. Of all occupied units in the 2000 U.S. Census, 65% were owner-occupied or 7,827 households. The remaining 35% were renter-occupied units (4,161 households). This is only a slight change from the 1990 data, which indicated 64% owners and 36% renters. Los Gatos has traditionally had a goal of 35% of the housing stock being renter-occupied. The 2000 Census data indicate that the Town's housing stock continues to reflect the desired percentage goal of 35%.

Los Gatos' percentage of homeowner units is only slightly higher than the percentage for the County and the State. In 2000, the percentage of homeowner units in Santa Clara County was 59.8%. The rate for the State of California in 2000 was 56.9% of all households were homeowners.

## **HOUSEHOLDS WITH SPECIAL NEEDS**

Within each community, there may be certain sub-populations that have special housing needs. For purposes of this Housing Element, following are the households that have been identified as having special housing needs:

1. Homeless Households
2. Overcrowded Households
3. Single Parent Households
4. Elderly Households
5. Disabled (Physical and Mental) Households

Farm worker households are also typically considered to be households with special needs. However, a review of all available data for the Town of Los Gatos indicates that there are not a substantial number of farm worker households within the Town and, consequently, they are not identified specifically as a group with special needs. The 1990 U.S. Census data identified less than 1.5% of the Town's labor force employed in farming or agricultural work. Information from the State Employment Development Department (EDD) was also reviewed and indicated no significant number of workers employed in the agricultural sector in Los Gatos.

### **1. Homeless Households**

Homelessness is a housing issue that has become a significant social concern in recent years. The number of homeless persons in the Bay Area has increased in the last decade for a number of reasons. These include the decrease in federal

housing funds, the high cost of available housing, the increasing number of mentally ill individuals living on their own, persons with substance abuse problems, women and children fleeing family violence and the lack of family support networks in today's fast paced society.

As part of the County of Santa Clara "Urban County," Los Gatos was included in a 1999 survey of homeless individuals. That survey identified 20,000 episodes of homelessness in Santa Clara County. This was an increase from the 1995 survey that identified 16,000 episodes of homelessness in the County. It is important to note that an individual or household could have more than one episode of homelessness in a year.

The 1999 survey did not specifically identify the number of homeless in Los Gatos. However, some of the more significant data from the countywide survey concluded:

- There were twice as many males as females in the homeless population.
- The majority (79%) of homeless were individuals who were either single, divorced, widowed or separated. Homeless adults with children represented 21% of the survey respondents.
- The number of working homeless was 34%.
- Approximately 73% of the homeless listed Santa Clara County as their last place of residence before becoming homeless.
- The major reasons individuals gave for becoming homeless were:
  1. lack of a job (21%),
  2. lack of affordable housing (17%),
  3. lack of money (14%), and
  4. drug and/or substance abuse (8%).

Most of the visible homeless in the County are the "urban" homeless. Suburban communities, such as Los Gatos, do not have the visible homeless but may have invisible homeless who may be camping along creeks or living in their cars for limited periods of time. Representatives of the Town's Police Department estimated that there were on average less than 5 persons known to be homeless at any one time in Los Gatos. This would include people visibly identified as potentially homeless but, of course, does not include persons living in their cars or camping in hidden locations.

### Resources Available: Homeless Households

There are no emergency or transitional shelters in the Town of Los Gatos. The Town does participate, however, in the Santa Clara County Collaborative on Housing and Homeless Issues. The Collaborative follows a "Continuum of Care"



approach in addressing the needs of homeless persons. Basically, the continuum consists of the following steps in providing homeless resources:

- i). Prevention Services
- ii) Emergency Shelter
- iii) Transitional and Permanent Affordable Housing

The Town contributes financially to supporting facilities that meet the objectives of the County's "Continuum of Care." For example, the Town has contributed CDBG funds towards the construction costs of HomeSafe and Sobrato Living Center in Santa Clara. These facilities provide emergency, transitional and permanent affordable housing opportunities.

There are additional limited resources in the Town for homeless individuals or persons threatened with homelessness. Vouchers for food and shelter are available on a limited basis from the Salvation Army. There are also food pantries at several of the local churches in the community, such St. Mary's and St. Luke's churches.

#### Site and Zoning Requirements for Homeless/Transitional Facilities

There are no site or zoning constraints specifically for homeless or transitional housing facilities in Los Gatos. Residential Care Facilities or Group Homes are allowed in all districts (except RMH) with a conditional use permit.

## **2. Overcrowded and Large Family Households**

Overcrowded households are defined as households in which there is more than one person per room in the living structure (usually "room" is defined as any room in the structure except for kitchen and bathrooms). According to the 1990 U.S. Census, approximately 221 units or 1.8% of the Town's total occupied housing units were overcrowded with more than 1.1 persons per room. Renter households had a higher incidence of overcrowding than owner households. Of the 221 total overcrowded units, 61 units were owner occupied and renters occupied the remaining 160 units.

In regard to age of the residential structure, overcrowded households are found in both older as well as newer housing units in the Town. While 83% of the overcrowded households live in units that were built after 1940, this proportion reflects the fact that 78% of the units in the Town were built after 1940. Therefore, the age of the housing unit is not statistically significant in regard to overcrowded households in Los Gatos.

Households do not typically choose to be overcrowded but end up in that situation either because they cannot afford a housing unit that is appropriate in size to their needs or there is not a sufficient supply of 3+ bedroom units. Traditionally, large households (households of 5 or more persons) have difficulty in securing and/or affording housing units of 3 or more bedrooms. Large renter families, in particular, have difficulty in finding rental housing stock that is both appropriate for their household size and affordable. The 1990 data indicate that there were 719 households in Los Gatos that had 5 or more persons. However, in Los Gatos, the majority of the households with 5 or more persons are owner-occupied households. Approximately 83% of households with 5 or more persons, or 596 households total, were homeowner households. Therefore, the assumption is that these are probably family households with 3 or more children at home and that the units they have chosen to buy are appropriately sized for their household. Overcrowded households then do not appear to be a significant housing issue in Los Gatos at this time.

### ***3. Single Parent Households***

There were a total of 11,323 households in Los Gatos according to the 1990 census data and, of these 11,323 households; approximately 7,269 were “family” households. Single parent households represented 8% of all family households. There were 590 single parent households in 1990: 116 single parent households were headed by a male parent and 474 had a female head of household. Single parent household as used in this document is defined as a family household with one or more children under the age of 18 years and headed by either a female or male head of household, with no spouse present.

Lower household income is one of the more significant factors affecting single parent households. For example, of all married couples with children under the age of 18 years in Los Gatos, less than 1% of the households had incomes below the poverty level according to 1990 U.S. Census data. However, 13% of all single parent households with children had incomes, which were less than the poverty level. Limited household income levels affect the ability of these households to locate affordable housing and, consequently, this is one of the more significant housing problems of this household category.

#### **Resources Available to Single Parent Households**

There are no housing developments in Los Gatos that are specifically reserved for single parent households. However, the 64 unit “Open Doors” rental development is available to single parent households, as well as other households.



Catholic Charities also offers a shared housing program for single parent households in Santa Clara County. The program provides information and assistance in “matching” single parent households in suitable living arrangements.

#### ***4. Elderly Individuals and Households***

The percentage of elderly persons in the Town of Los Gatos has increased slightly over the last three decades. In 1970, elderly (persons age 65 years and older) comprised 11% of the population but, by 2000, that percentage had increased to 15% of the total population. The total number of elderly persons ages 65 and over residing in Los Gatos in 2000 was 4,384 persons. Approximately 24% of all Los Gatos households in 2000 included at least one individual of 65 years or older. Approximately 69% of all Los Gatos elderly householders are homeowners and the remaining 31% are renters (1990 data).

ABAG has provided projections for age distributions from 2000-2020 for the region. These estimates indicate that the 65+ years population will increase by almost 90% during that time period. The population of persons 85+ years is expected to almost double in size with two-thirds of that population estimated to be female. These large increases in percentage and number of older adults in our population indicate that there will be an even greater demand for a range of housing opportunities such as independent living facilities, assisted housing or congregate care facilities, group homes, etc.

Santa Clara County’s 2000 “Consolidated Plan” (p. 26) document identifies the following critical service areas for seniors:

- protective services for vulnerable elders,
- legal services,
- mental health services,
- affordable and supported senior housing,
- language-related services, and
- in-home services and primary health care services.

The Urban County program has provided supportive service funding for senior and frail seniors to the following organizations: Catholic Charities Long Term Care Ombudsman Program, Independent Aging, Live Oak Adult Day Care Center, Live Oak Senior Nutrition and Service Center, San Jose State University Foundation (The Health Place), Second Harvest Food Bank and Senior Adults Legal Assistance. The Town’s housing conservation program also provides assistance to low-income seniors and the County-funded Economic and Social Opportunities Program assists low-income seniors by providing funding for

weatherization, removal of architectural barriers to the home and minor home repairs. The County has also funded Project Match, which provided shared housing services for elderly households. On an annual average, Project MATCH has helped 27 Los Gatos households each year in securing affordable shared housing arrangements. However, as of December 31, 2001, Project Match was forced to discontinue services due to lack of funding.



***The elderly couple, pictured above in front of Villa Vasona, has lived there since 1986.***

### Resources Available to Elderly Individuals and Households

There are several affordable housing opportunities in Los Gatos specifically designed for lower income elderly households. These include:

1. **Villa Vasona**, 626 W. Parr Avenue  
This facility provides 107 units for elderly and handicapped households.
2. **Los Gatos Four-Plex**, 221-227 Nicholson Avenue  
Owned by Mid Peninsula Housing Coalition, this facility consists of four one-bedroom apartments for lower income elderly.
3. **Terraces of Los Gatos**, 800 Blossom Hill Road  
A licensed residential care facility for the elderly and a retirement community care facility, this development provides 29 housing units and services at reduced rates to eligible senior citizens.



### **5. Disabled Households**

Disabled households include households who have family members that are disabled because of physical handicaps or because of mental illness or disability. It is possible that some individuals have both a physical and mental disability but census data does not provide that level of specificity. According to the 1990 U.S. Census data, there were 820 persons ages 16-64 years in Los Gatos who had a disability, which affected mobility or self-care. Of these, 545 persons had a disability, which affected their ability to work. Census information is not available about the type of household they live in, their income level or how their disability affects their housing needs. Generally, persons with disabilities have lower incomes especially if their disability affects their ability to work. Housing that is affordable is a high priority for these individuals.

In Santa Clara County, the San Andreas Regional Center provides support services for disabled households but housing costs are usually the responsibility of the individual. For most individuals with developmental disabilities, the average range of SSI payment in 2000-2001 was approximately \$600-700 per month. With this level of income, finding affordable housing is very problematic.

Mobility impaired persons are also often in need of affordable housing. In addition, the person with a mobility limitation typically requires housing that is physically accessible. Examples of accessibility in housing include widened doorways and hallways, ramps leading to doorways, modifications to bathrooms and kitchens (lowered countertops, grab bars, adjustable shower heads, etc.) and special sensory devices (smoke alarms, light switches, etc.).

#### **Resources Available to Disabled Households**

- Silicon Valley Independent Living Center in Santa Clara:  
Provides services to developmentally disabled adults.
- Mental Health Advocacy Project:  
Provides fair housing services to individuals with mental illness or mental disability.
- Shelter Plus Care Program  
Provides rental assistance linked with supportive services for the most difficult to house homeless population, including those with a disability.

For physically challenged individuals, there are some housing units in Los Gatos specifically designed to be handicapped accessible. Villa Vasona has 107 units total, of which 9 units are accessible for physically handicapped individuals. Further, the Town of Los Gatos requires all newly constructed residential units to be wheelchair accessible.



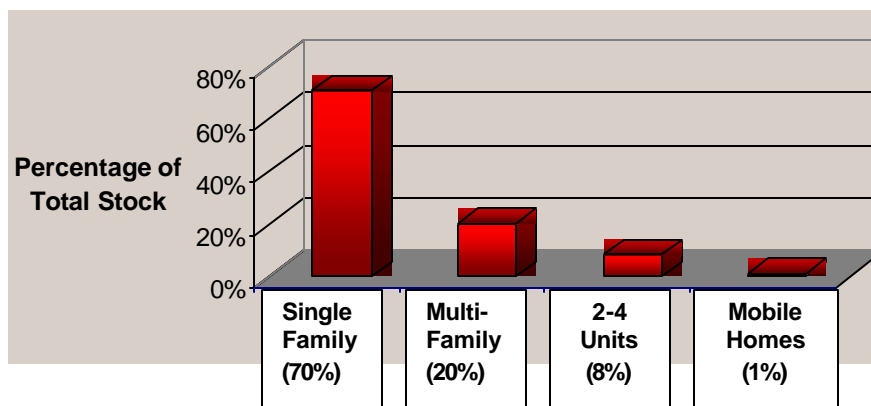
## HOUSING STOCK DATA

### HOUSING UNITS BY TYPE

In the last decade between 1990-2000, approximately 55 units were added annually to Los Gatos' housing stock. In 1990, there were 11,822 housing units in Los Gatos. The 2000 U.S. Census data indicated that this figure had increased to 12,367 total housing units, or an increase of 545 units during the 10-year period.

The majority of housing units in the Town are single-family units. In 2000, approximately 71% of the total housing stock was single-family units with 80% of those units being single-family, detached units and the remainder were single-family attached (i.e. condominium and town home units). Multi-family developments of 5 or more units represented 20% of the housing stock and multi-family units in structures of 2-4 units comprised 8% of the housing stock. Mobile homes represented 1% of the total housing stock in 2000.

**ILLUSTRATION #8: HOUSING STOCK BY TYPE,  
TOWN OF LOS GATOS JANUARY 2000**



**Source:** State of California, Department of Finance Population  
And Housing Estimates, January 1, 2000

The 2000 U.S. Census data also indicated that 65% of the housing units in the Town were owner-occupied and 35% were renter-occupied. This is only a slight change from the 1990 U.S. Census data, when 64% of the Town's units were owner-occupied and 36% were renter-occupied.



## VACANCY RATES

The vacancy rate in a community indicates the percentage of units that are vacant and for sale/rent at any one time. Low vacancy rates (typically defined as anything less than 3% for homeowner units and 5% or less for renter units) can indicate a tight housing market with few vacant units which then creates a high demand for those vacant units.

Data from the 2000 U.S. Census indicate that a total of 379 units were vacant out of a total housing stock of 12,367 units. This reflects an overall vacancy rate of 3.1%. The census data then identified the owner-occupancy rate as less than 1% and the renter-occupancy rate at 2.3%. Both of these rates are considered very low vacancy rates and indicate a housing market with a strong demand for units.

## AGE OF HOUSING

At the time that this Housing Element document was written, 2000 U.S. Census data was not yet available regarding age of housing. Using 1990 U.S. Census data and January 2000 data from the California Department of Finance, the following estimates of age of housing were developed. This data indicates that approximately 37% of the Town's housing stock was built prior to 1959 and, at the time this report was written, was over 40 years of age.

**ILLUSTRATION #9: AGE OF HOUSING STOCK (ESTIMATES)**  
**TOWN OF LOS GATOS, JANUARY 2000**

<b>Year Built</b>	<b>Number of Units</b>	<b>Percent of Total</b>
1949 or earlier	2,366	19%
1950-1959	2,196	18%
1960-1969	3,459	28%
1970-1979	2,713	22%
1980-1989	1,088	8%
1990-1999	545	5%
<b>TOTAL</b>	<b>12,367</b>	<b>100%</b>

**Source:** U.S. Department of Commerce, Bureau of the Census, 1990 Census  
State of California, Department of Finance, January 2000

### HOUSING CONDITION

In determining housing condition, there are several levels of analysis that a community can utilize. A general overview of the condition of the housing stock can often be determined by looking at census data indicators such as the age of housing or the lack of complete plumbing facilities in a unit. The next level of analysis is usually a “windshield survey” of the housing units in which the exterior condition of housing units is assessed. A third, more detailed and more costly analysis is a thorough house-by-house interior and exterior analysis of housing condition.

During 1983-84, the Town did conduct a comprehensive housing stock condition survey. Over a one-year period, approximately 90% of the Town's housing stock was evaluated. The survey results at that time indicated there were 433 units (or 4.5% of the total stock surveyed) that were suitable for rehabilitation. Another 8 units were identified as so substandard that replacement rather than rehabilitation would be required.

It is important to note also that the 1989 Loma Prieta earthquake affected many residential units in Los Gatos. The Town monitored the rehabilitation of approximately 785 residential buildings, distributing over \$3,000,000 in State funds and \$300,000 in private funds. Approximately 72% of those units needed chimney repairs, 27.5% required foundation repair or reconstruction and the remaining units (0.5%) were found to be in need of demolition.

In 1992, the Town adopted “Residential Guidelines for Pre-1941 Structures.” These guidelines are designed to assist property owners who are considering building alterations, remodeling or new construction of residences. In addition to these guidelines, the Town has provided financial and technical assistance for housing rehabilitation since 1976. This assistance is provided through the Town's Housing Conservation Program (HCP) to low and moderate-income households whose housing units are in need of repair or safety improvements. From 1976-1995, there were 325 clients assisted through this program. Demand for the program however has decreased in recent years. From 1997-2001, a total of 7 units have been rehabilitated. All of these units were owner occupied units.

One issue that was identified during the preparation of this Housing Element was the need to obtain a more current and complete estimate of the number of units needing rehabilitation/replacement in the Town of Los Gatos. Therefore, Program #11 in Chapter 8 of this document (“Housing Program Strategy”) includes a work program to update the Town's housing condition survey. It is important to continue to provide housing rehabilitation assistance for limited income households, especially as the Town's housing stock continues to age. In order to increase program activity, the Town should also consider implementing a continuous and systematic marketing strategy to inform property owners of the availability of the housing conservation



program. Further, the Town might want to target the two mobile home parks in the Town for more in-depth marketing strategies. The housing conservation program is a valuable asset in the Town's "tool bag" of resources for conserving existing housing, especially affordable housing. Therefore, there should be a concerted and continuous marketing effort to keep residents and property owners informed about the program.

## **COST OF HOUSING AND AFFORDABILITY**

One of the most important factors in evaluating a community's housing market is the cost of housing and, even more significant, whether the housing is affordable to households who live there or would like to live there. Unfortunately, housing costs have increased in the San Francisco Bay Area in recent years. In fact, the Bay Area has consistently been ranked as one of the most expensive places to live in the United States. A poll sponsored by the "*San Francisco Chronicle*" ("Tales of Housing, *San Francisco Chronicle*, November 26, 2000) underscores this issue. In their poll of San Francisco Bay Area residents, 66% of the respondents stated that they were unable to afford the type of housing they would like in the Bay Area. Responses were also categorized by geographic area and, of those respondents from the Peninsula area, 77% stated that they were unable to afford the type of housing they would like. In other words, two out of three respondents could not afford the type of housing they wanted.

### ***Homeownership Costs***

The cost of acquiring a home has increased significantly in recent years. In fact, the appreciation of homes has escalated so rapidly that home sale prices in excess of \$1 million are no longer unusual. Los Gatos has historically been a desirable place to live and, consequently, home values have always been high in comparison to other communities in the Santa Clara Valley.

While still expensive, home values in Los Gatos have decreased or stabilized since the rapid valuation increase that reached a peak in 2000. DataQuick reports that median prices had decreased by 31% from December 2000 to December 2001 in Los Gatos. Still, the median price in December 2001 for a single family detached home was \$948,000 and the median price for a condominium was \$497,000.

### ***Rental Costs***

While homeownership is out of reach for many low and moderate-income households, the rental market does not provide many more opportunities. According to a rental housing survey conducted in Los Gatos of multi-family units in September 2001, the average rent for a multi-family rental unit was \$1,883 per month. The average rent by bedroom size is illustrated in the following chart.

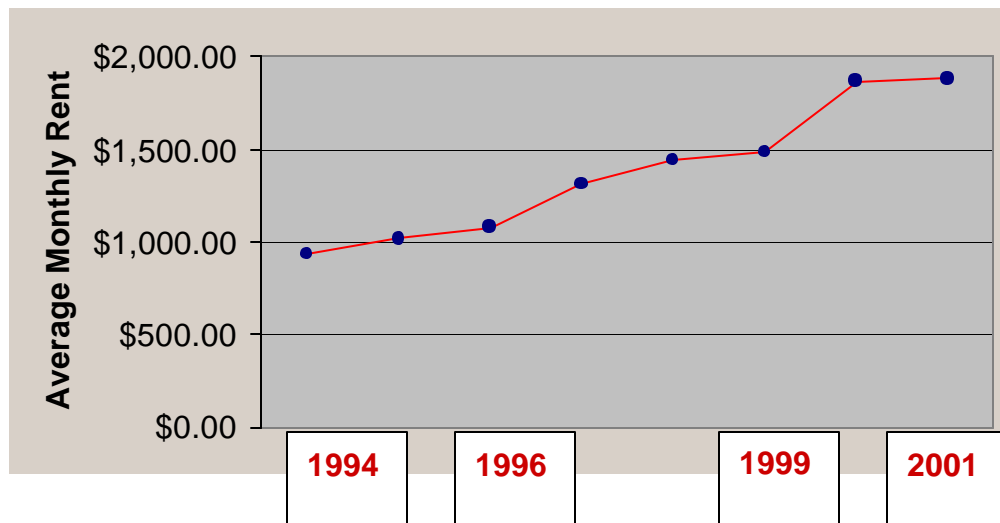
**ILLUSTRATION #10: AVERAGE MULTI-FAMILY RENTAL COSTS,  
TOWN OF LOS GATOS 2001**

Bedroom Size	Average Monthly Rent
1 Bedroom	\$1,769
2 Bedroom/1 Bath	\$1,780
2 Bedroom/2 Bath	\$2,098
<b>Average for All Sizes</b>	<b>\$1,883</b>

**Source:** Real Facts, Novato California 2001

The same survey referenced above reviewed rental costs in Los Gatos from 1994 to 2001. The results of that review indicated that the average rent for multi-family units in Los Gatos doubled during that time period. In 1994 the average rent was \$935 and, by the end of 2001, it was \$1,883 per month. From 1999-2001 alone, the average rent increased by 27%.

**ILLUSTRATION #11: CHANGE IN AVERAGE MULTI-FAMILY RENTS,  
TOWN OF LOS GATOS 1994-2001**



**Source:** Real Facts, Novato California 2001

Los Gatos does have a Rental Dispute Resolution Program that is applicable to rental units in structures of 3 or more units. Rent increases are limited to the greater of either a 5% annual increase or 70% of the Consumer Price Index.



Rents can be further negotiated, however, if the property is sold or if significant capital improvements are made to the property. The Town's Community Services Department administers the program and contracts with Project Sentinel to provide mediation services for appeals to the program's rent limits.



***Example of a downtown Los Gatos residential neighborhood.***

### ***Housing Cost and Overpaying for Housing***

One indicator of the healthiness of a housing market is whether households are "overpaying" for housing. Overpaying is usually defined as a household that is paying more than 30% of their income for housing. Once a household starts to pay more than 30% of income for housing, then it is assumed that there is less money available for other household necessities such as food, transportation, child care, etc. and, consequently, the household is considered to be paying too much for housing. The 30% figure is typically used by governmental agencies as a measure of affordable housing and includes all housing costs. For a renter household this would include monthly rent and utilities. For a homeowner

household, it typically includes monthly mortgage principal, interest, tax and insurance payments. While lower income households typically are most at risk for overpayment of housing, this situation can also affect moderate and above income households. Due to the spiraling increase in housing costs in California communities, overpaying for housing has extended into the moderate and above income categories also.

The chart on page 28 (Illustration #12) demonstrates why there are so many households overpaying for housing. Using year 2001 data for household incomes and housing costs, the chart compares the amount of funds that a household has available for an affordable housing payment (defined as 30% of monthly income) and compares that amount to average rents in Los Gatos. As the chart demonstrates, very low-income and low-income households cannot “afford” the average rental in Los Gatos. For example, a very low-income household of 4 persons can afford to pay \$1,091 per month but the average rent is \$1,883—more than what they can “afford.” If this household chose to pay the market rent of \$1,883, they would be paying approximately 52% of their monthly income for rent. Only the moderate and higher income households can afford the average rental unit in Los Gatos.

Homeownership without some type of subsidy is also out of the reach of lower and moderate-income households. The chart on the following page also indicates the sales prices of a single-family unit that would be affordable to the average very low, low and moderate-income households. The very low-income household could only afford to purchase a home with a maximum sales price of \$136,429 and the moderate-income household could only afford a maximum sales price of \$367,696. Neither of these households could afford to purchase the median priced condominium in Los Gatos, which was \$497,000 in December 2001. And, of course, the December 2001 median priced single-family detached unit of \$948,000 would be completely out of reach for these households.



**ILLUSTRATION #12: COMPARISON OF HOUSEHOLD INCOMES AND AFFORDABILITY  
TOWN OF LOS GATOS, 2001**

<b>INCOME LEVEL AND HOUSEHOLD SIZE</b>	<b>MONTHLY INCOME (1)</b>	<b>30% OF MONTHLY INCOME (AFFORDABLE HOUSING PAYMENT) (2)</b>	<b>CAN AFFORD AVERAGE RENT OF \$1883 MONTHLY?</b>	<b>SALES PRICE OF A SINGLE- FAMILY UNIT THAT WOULD BE AFFORDABLE TO HOUSEHOLD</b>
<b>Very Low Income Household (4 Persons)</b>	\$3,637	\$1,091	<b>No</b>	\$136,429
<b>Low Income Household (4 Persons)</b>	\$5,754	\$1,726	<b>No</b>	\$232,554
<b>Moderate Income Household (4 Persons)</b>	\$8,730	\$2,619	Yes	\$367,696

**Notes:**

1. Monthly income determined by dividing annual income by 12 months using 2001 HUD's Income Limits (March 2001).
2. "Affordable Housing Payment" is considered the appropriate amount of funds that should be spent for housing costs and is calculated at 30% of the household's monthly income.
3. Affordable Sales Price is calculated assuming a 10% down payment, 30 year amortized loan with an allowance for taxes and insurance.